



## COMPANIES ACT 2016: PRACTICE NOTE NO. 8/2024

### CLARIFICATION ON WHETHER A SOCIETY CAN BE A MEMBER OF A COMPANY

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This Practice Note is issued pursuant to Section 20C of the Companies Commission of Malaysia Act 2001 [Act 614] (CCMA 2001) and Section 50 of the Companies Act 2016 [Act 777] (CA 2016). This Practice Note serves to assist the stakeholders in clarifying the issue on whether a society can be a member of a company.

#### BACKGROUND

2. The Companies Commission of Malaysia (SSM) has received numerous queries from the public on whether a society can be a member of a company that is incorporated under the CA 2016, including in a company limited by guarantee.

#### LEGAL PROVISIONS

##### Companies Act 2016

3. Section 2 of the CA 2016 defines 'member' as:

*"(a) in the case of a company limited by shares, a person whose name is entered in the register of members as the holder for the time being of one or more shares in the company; or*

*(b) in the case of a company limited by guarantee, a person whose name is entered in the register of members;"*.

4. By virtue of the above provision, members are referred to as every **person** whose name has been entered in the company's register of members. Further, Section 50(3) of the CA 2016 provides that the register of members of the company shall be *prima facie* evidence of any matters inserted in the register as required or authorized by the CA 2016.

### **Interpretation Act 1948 (IA 1948)**

5. Section 3 of the IA 1948 defines "**person**" as to include a body of persons, corporate or unincorporate.

### **Society Act 1966 (SA 1966)**

6. Section 2 of the Societies Act 1966 [Act 335] (SA 1966) defines a society as to include any club, company, partnership or association of seven or more persons whatever its nature or object, whether temporary or permanent. By virtue of this definition, society would fall under the definition of **person** under the IA 1948 and therefore, a society can be a member of a company.

7. Section 9(a) of the SA 1966 further provides that:

*"(a) the movable property of a society, if not vested in trustees, shall be deemed to be vested for the time being in the **governing body** of the society, and in all proceedings civil and criminal, may be described as the property of the governing body of the society by its proper title if known;"*.

8. Further Section 9(c) of the SA 1966 provides as follows:

*"(c) A society may sue or be sued in the **name of such one of its members** as shall be declared to the Registrar and registered*

*by him as the public officer of the society for that purpose, and if no such person is registered, it shall be competent for any person having a claim or demand against the society to sue the society in the name of any **officer-bearer of the society.**"*

9. Based on Section 9 (a) of the SA 1966 above, a society is allowed to hold movable property including shares of a company. Such shares, being regarded as movable property, however, if not vested in the trustees of the society, shall be deemed to be vested for the time being in the **governing body** of the society.

10. By the society becoming a member of a company (after going through the process of purchasing or acquiring the shares of the company), a society is entering into a transaction resulting in the creation of a movable asset of the society in the form of shares in the company. Thus, a society would have to act by agents which includes its **registered public officer** or, if there is no registered public officer, in the name of an **office bearer** of the society.

11. As such, the Registrar under the CA 2016 further clarifies that the name of one of the office bearers must appear in the register of members, instead of only the name of the society as follows:

*"Persatuan Penternak Ikan Air Tawar, Perak (represented by Ali bin Ahmad, President)"*

## **REGULARISATION OF INFORMATION ON SOCIETY AS MEMBER OF A COMPANY**

12. For existing companies whose members are registered in the name of a society, such companies are required to include the name of

the registered public officer or office bearer of the society as illustrated in paragraph 10 above pursuant to Section 51 of the CA 2016.

13. The Practice Note 11/2011 is revoked.

**REGISTRAR**  
**COMPANIES COMMISSION OF MALAYSIA**  
**31 December 2024**